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COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

COUNTRY REVIEW REPORT FOR VIET NAM

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INTRODUCTION

1. In accordance with the procedures set forth in the programming manual for the review of country cooperation frameworks (CCFs), a review of the CCF for Viet Nam was held from March to April 1999. The present report contains a summary of the findings of the review. The findings are grouped by thematic area, for each of which are presented summaries of the conclusions reached by the review team, the corresponding recommendations and the action agreed on by UNDP and the Government. The full text of the review is available in the language of submission from the Executive Board secretariat.

I. THE NATIONAL CONTEXT

2. Conclusions. The first country cooperation framework (CCF) for Viet Nam was based on the Government's strategy for socio-economic stabilization and development until the year 2000, the primary objective of which is to put people at the centre of development. The strategy advocated economic growth and social equity and represents a continuation of the policy of economic and institutional reform - known as doi moi. The policy produced impressive results both in social and economic terms: (a) high rates of gross domestic product (GDP) growth; (b) dramatic reduction of poverty by more than 50 per cent; and (c) a large increase in agricultural production. Viet Nam has been less affected by the Asian economic crisis than other countries in the region but there was still a slowdown in GDP growth in 1998 to below 6 per cent, with urban areas appearing to have been hit the hardest. Rural areas, however, are more likely to be affected by fluctuations in rice prices and natural disasters. UNDP activities have been most appreciated by the Government, which has seen UNDP as a catalyst, contributing to social and economic advancement. The national development strategy remains valid and therefore the CCF also remains valid overall.

3. Recommendations. In view of national developments and the regional crisis, some reordering of priorities and focus of UNDP cooperation is needed.

4. Agreed actions. A common country assessment (CCA) will be prepared and used as an essential input for determining the directions and focus areas of the new CCF.

II. THE COUNTRY COOPERATION FRAMEWORK

5. Conclusions. The overarching objective of the CCF was to assist in promoting sustainable, people-centred development in four thematic areas: (a) poverty elimination and social policies; (b) reform and development management; (c) environment and natural resource management; and (d) aid coordination, advocacy and resource mobilization. The CCF included a strategy for the use of UNDP resources and general performance indicators.

6. Recommendations. National developments and the ongoing effects of the financial crisis necessitated some reordering of priorities and focus. Rural development and poverty alleviation is now the top priority. Macro reform will

continue as a priority but with an emphasis on coordination of donor support at two levels: (a) aid coordination forums and sectoral working groups and (b) projects where UNDP can play a catalytic role in resource mobilization and coordination. In doing so, UNDP should pay particular attention to the social dimensions of the reform process. Projects in the thematic areas should be closely linked to ensure consistency, complementarity and optimal impact.

7. Agreed action. The recommendations and lessons learned from implementation of the current CCF will be used for the formulation of the next CCF. In the remaining period of the CCF, more attention will be given to rural development through support to the national programme for hunger eradication and poverty reduction and for 1,715 poor communes. In response to the regional financial crisis, a joint report on social safety nets will be published in late 1999.

III. PROGRAMME PERFORMANCE

A. Rural development and poverty alleviation

8. Conclusions. UNDP supported poverty eradication in eight of the poorest provinces, which was highly appreciated by local communities. It may still be too early to assess the impact on national planning, resource management or poverty reduction but UNDP activities raised people's awareness, mobilized their participation and promoted a sense of self-reliance. Most projects are located in remote areas where capacities are weak and people are often unfamiliar with new ideas. There is therefore a need first to demonstrate the practical benefits of new approaches. The relevance of market forces for the poor has not yet been taken into full account because emphasis was given to training in production but not on how to respond to market demands.

9. Recommendations. The comparative advantage of UNDP is in promoting an enabling environment for decentralized decision-making and local participation. Projects should incorporate some demonstration activities, to promote sustainability and ownership. Direct assistance should focus on rural areas while for the urban sector it should concentrate on planning aspects and be linked with Public Administration Reform. Capacity development is to be linked to the Government's investment planning and resource management processes for which the 1,715 Poorest Communes Programme could provide an entry point. The Government should play a lead role in the coordination of Official Development Assistance (ODA) and combine domestic and external funding to enhance effectiveness and impact.

10. Agreed action. A Government-donor partnership to assist the poor communes has been established to improve cooperation and coordinated programming. UNDP is an active member and, based on its comparative advantage, will undertake a study with the Government in late 1999 on institutionalizing participatory planning in the government planning system. In 2000, UNDP will support implementation and monitoring of the 1,715 Poorest Communes Programme and the national programme for hunger eradication and poverty reduction.

B. Governance and macro reform

11. Conclusions. Governance in general and public administration reform in particular was the most challenging area for UNDP to work in. UNDP was requested to assist because of its neutrality, non-ideological approach and the mutual trust that exists. Packages of projects are conceptually interlinked into a programme approach. UNDP contributed to efforts for economic and legal reform and projects in Public Administration Reform (PAR) have produced high-quality outputs, helped to streamline administrative procedures and improved the delivery of public services. It is not clear how much UNDP contributed to reaching the PAR goals, particularly in the area of promoting institutional change. This was because the Government had yet to develop a strategy and comprehensive PAR programme and the design of UNDP projects could therefore not be linked to a national vision. Efforts have been made towards improved decentralization, accountability and transparency but could be addressed more systematically.

12. Recommendations. UNDP shall continue to assist in advancing reform efforts but its role should perhaps focus more on ensuring proper coordination of donor support. A comprehensive review of the approach in supporting PAR is needed to ensure that future UNDP support is closely linked to the Government's vision in PAR. To do this, a lessons learned study followed by a high-level symposium could be the best approach, for which the conceptual framework in the UNDP paper "Catching up" would be a good starting point. More information sharing on development in general and public administration reform in particular is needed.

13. Agreed action. A comprehensive review of lessons learned from implementation will be carried out, on the basis of which UNDP will assist in the development of a PAR national strategy and action plan. The plan will deal in more detail with critical issues such as decentralization, accountability and transparency. The National PAR Committee will guide the preparation of the strategy.

C. Environment and natural resources

14. Conclusions. The national programme for the environment and sustainable development to the year 2000 served as the basis for UNDP cooperation. UNDP has played an important role in raising the environmental awareness of policy and decision-makers and society in general and has helped to forge a closer link between environmental considerations and investment planning. UNDP has helped to develop approaches that will ensure the sustainable use of natural resources. UNDP has also contributed to reducing urban and industrial pollution and played an important role in increasing national capacities in disaster preparedness and mitigation.

15. Recommendations. Considering the limited resources, it seemed that the programme was relatively dispersed and needed to be more narrowly focused to maximize results and impact. The objectives of UNDP cooperation remain relevant but more emphasis should be put on promoting the sustainable use of natural resources. This could be achieved by: (a) pursuing environmental awareness-raising efforts with an emphasis on promoting non-regulatory approaches to

environment protection; (b) helping to improve government capacities to monitor the environment; and (c) transferring technology for environmental protection. UNDP should continue its key role in donor coordination and help in the preparation of the national plan for environment and sustainable development and the implementation of the recommendations made by the study on lessons learned from donor assistance in the environmental sector.

16. Agreed action. UNDP will assist the National Environment Agency in the preparation of the national action plan for the environment. As part of this process, UNDP will support the Ministry of Science, Technology and Environment in organizing a conference on environmental coordination to discuss the lessons learned from donor support in the last decade.

D. Aid coordination

17. Conclusions. UNDP played a lead role in in-country aid coordination; examples are: (a) the United Nations Development Assistance Framework (UNDAF) and support to the Government in its follow-up to United Nations global conferences; (b) the common country assessment; (c) UNDP chaired the monthly donor group forums for improved aid coordination and management. UNDP has been an honest broker between the donors and the Government on ODA issues and has chaired several donor working groups and, with the World Bank, organized sectoral aid coordination conferences and the Consultative Group meetings; (d) UNDP and the World Bank promoted development partnerships to ensure well-coordinated assistance and optimal impact.

18. Recommendations. UNDP should continue to invest adequate time and resources in ODA coordination and sharpen its role as honest broker. The Government should strengthen ODA management to accelerate delivery and reduce transaction cost. There should be a review of whether all donor groupings are needed.

19. Agreed action. The Government already receives support to improve capacity and institutional arrangements for the monitoring and evaluation of ODA-funded projects. UNDP can offer additional support, in particular in promoting data- and information-sharing and the production of the Development Committee Report and other ODA reports. UNDP will work closely with its partners in reviewing and streamlining donor-coordination mechanisms.

E. Programme management

1. Policy research

20. Conclusions. Policy research was of high quality and of practical benefit. Good examples are the joint UNDP/UNICEF publication "Catching up" and the UNDP staff paper "East Asia: from Miracle to Crisis".

21. Recommendations. UNDP should continue policy research in areas such as options for the reform of public administration, decentralization and capacity development. It could organize high-level seminars and research to help to

internalize major human development issues and explore policy options relating to issues arising from the reform and integration process. The programme should be anchored in academic institutions with close links to the party and government leadership and be supported by strategic management training of government officials.

22. Agreed action. The Government has appointed a counterpart organization to work with UNDP on the preparation of the first national human development report. A research agency will conduct a study on the social impact of the Asian financial crisis. As mentioned above, a major review of the PAR will be undertaken in late 1999. Gender research will start in late 1999 using the data emerging from the survey on living standards. Strategic management training for officials will be discussed during the preparation of the next CCF.

2. Gender-mainstreaming

23. Conclusions. Progress has been made in mainstreaming gender, particularly in poverty projects and capacity development for the National Committee for Advancement of Women. Much remains to be done - a step in the right direction was the adoption of the gender-mainstreaming strategy to the year 2000 and the piloting of a gender contact person system in the UNDP office. All projects are now developed in consultation with the Gender Specialist. The gender issues that form part of the national execution manual should be integrated effectively into the CCF objectives.

24. Recommendations. A rigorous review of project documents is needed to ensure that gender concerns are adequately addressed in a systematic manner. More care should be taken in integrating gender issues into the objectives of the next CCF and national human development reports could include a gender analysis.

25. Agreed action. UNDP has developed an in-house mechanism that allows the Gender Specialist and the Gender Focal Point to meet formulation missions, review draft project documents and attend Approval Committee meetings in order to ensure that gender issues are mainstreamed into new projects. Gender issues are being incorporated into the terms of reference for the formulation of the new CCF.

3. Project design

26. Conclusions. The quality of new projects has improved and lead-time for their preparation was reduced as a result of better interaction between the various parties, a more systematic approach to project appraisals and increased participation by recipient agencies. In several cases, project design emphasized inputs over results. Management and implementation capacities are not adequately assessed during project formulation.

27. Recommendations. Capacity development is more than just improving individual skills; it includes strengthening institutional capacity and establishing an enabling policy environment in which institutions operate. All

these capacity aspects should be properly assessed and, where needed, capacity-development projects should start with a preparatory phase. More emphasis is to be given to outcomes instead of to inputs.

28. Agreed action. Project design based on results-based management principles will be introduced to UNDP staff and government officials in October 1999 through a training package. This should improve linkage between inputs and results and between process and substance. Related guidelines based on the UNDP Programming Manual are being incorporated into the National Execution Manual, which will help to improve the assessment of counterpart capacities and enhance participation of and interaction between stakeholders in project formulation. Counterpart capacities will be carefully assessed and project design will match their capacities. Where needed, a preparatory phase will be used to fulfil all capacity-related requirements. Capacity-building will include the strengthening of institutional arrangements and also promote the enabling policy environment.

4. National execution

29. Conclusions. Efforts have been made to build capacity for the implementation of National Execution projects. These include the introduction of an improved national execution manual and the development of a comprehensive package for project management training. There have been some difficulties in implementing national execution. Whereas it has fostered a greater sense of ownership, sustainability has remained a concern. Micromanagement and lack of adherence to procedures given in the manual have slowed down implementation. The division of responsibilities between national and international staff was not always clear and contributed to some of the difficulties.

30. Recommendations. National execution should continue and can promote national ownership and enhance sustainability and impact. The experience with national execution should be assessed and lessons learned drawn for the future. For reasons of sustainability, national project staff should remain until at least after project completion. The Government and UNDP should be adequately consulted on the selection of project managers. Project management should be delegated with authority to take decisions on project matters and be held accountable for substantive and financial aspects. Current efforts in strengthening national execution capacities should be bolstered by a system of regular audits by the Government, with timely and appropriate actions taken when irregularities are found.

31. Agreed action. A comprehensive review of national execution experiences and lessons learned will be undertaken in 2000. The National Execution Manual is being revised to incorporate lessons learned, the recommendations of the country review and the major changes in the new UNDP Programming Manual. The focus of the revision is placed on increased ownership, improved accountability and results-based management.

5. Project monitoring and evaluation

32. Conclusions. Relatively good monitoring mechanisms are in place. Analyses of lessons learned have been undertaken and were used to improve the formulation of new projects. UNDP is developing a set of country-specific performance indicators for effective monitoring and evaluation.

33. Recommendations. While the current efforts in project monitoring and evaluation are encouraging, further improvements should be made. Projects should be monitored for quality and results and corrective actions should be taken in a prompt manner, and by all parties concerned, on decisions and recommendations of reviews, evaluations and audits. Evaluations and lessons learned should be fed into the planning of new interventions and should be used to strengthen existing projects.

34. Agreed actions. The recommendations will be implemented within the context of results-based management. Country-specific performance indicators were prepared and will be systematically refined. The results-based management training referred to in paragraph 27 above will include more comprehensive use of indicators. A related learning database will be developed in 2000.

6. Financial management

35. Conclusions. The amount of $75.9 million was tentatively allocated for the CCF period. UNDP mobilized $17.3 million in third-party cost-sharing, compared to $15 million envisaged in the CCF. Other resources came from the Global Environment Facility and other sustainable development funds and the United Nations Capital Development Fund. Improvements were made in the approval of new projects and in delivery. Resource allocations to the thematic areas based on actual expenditures over the first two and a half years of the CCF are 40 per cent for governance and macroeconomic reform; 37 per cent for poverty alleviation and social development; 15 per cent for environment; and 8 per cent for other sectors. This distribution was in line with the order of priority of the areas of focus of the CCF.

36. Recommendations. Progress was made in project approvals but reductions in available target for resource assignments from the core (TRAC) resources have important implications for the pipeline and programme finance and will require the Government and UNDP to undertake joint efforts to mobilize additional resources.

37. Agreed actions. Reductions in available TRAC resources have resulted in the need to introduce a resource-saving strategy that has been agreed upon with the Government. The strategy will release resources to fund immediate priorities in 2000, particularly in the area of rural development and poverty alleviation. The strategy includes a joint Government/UNDP plan for mobilization of non-core resources, securing of counterpart funds for projects and allows UNDP to explore potential Government cost-sharing from its Official Development Assistance resources.

IV. UNDP SUPPORT TO THE UNITED NATIONS

38. At the time the country review was conducted, the review procedures were not yet finalized by UNDP headquarters. Support to the United Nations was therefore not reviewed as a separate issue.

39. Conclusions. The efforts made by UNDP in Viet Nam are noteworthy and the results impressive in terms of promoting development of partnerships within the United Nations system. Good examples are: the United Nations Development Assistance Framework; the 20:20 compact; the national report "Expanding Choices for the Rural Poor"; the virtual United Nations house; joint United Nations advocacy on international days; the United Nations Joint and Co-sponsored Programme on HIV/AIDS. A common country assessment will be undertaken soon.

Annex

FINANCIAL SUMMARY

Country: Viet Nam
CCF period: 1997-2000
Period covered by the country review: January 1997-May 1999

REGULAR RESOURCES	Amount assigned for the CCF[a] (thousands of US dollars)	Amount planned for the period under review (thousands of US dollars)	Estimated expenditure for the period under review (thousands of US dollars)
Estimated IPF carry-over	9 000	10 968	10 968
TRAC 1.1.1 and TRAC 1.1.2 (71% of TRAC 1.1.1)	32 966	24 725	29 100
TRAC 1.1.3	-	420	200
SPPD/STS	2 093	3 352	1 000
Subtotal	44 059	39 465	41 268
OTHER RESOURCES	**Amount targeted for CCF[a] (thousands of US dollars)**	**Amount mobilized for the period under review (thousands of US dollars)**	**Estimated expenditure for the period under review (thousands of US dollars)**
Government cost-sharing	302	215	-
Third-party cost-sharing	9 062	17 300	6 700
Sustainable development funds	10 000		
GEF		5 868	113
Capacity 21		287	300
Montreal Protocol		54	9
Funds, trust funds and other	3 625		
UNCDF		3 550	2 500
Trust Funds		456	-
Subtotal	22 989	27 730	9 622
GRAND TOTAL	67 048	67 195	50 890

[a] Prorated for the period under review.